

# China's Auto Sales Slow As Tax Breaks Fade

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SHANGHAI (AP) — China's auto sales slowed further in September as a boom fueled by tax breaks and subsidies faded.

Official figures for the month, delayed by a weeklong national holiday, showed total sales rising 17 percent from a year earlier to 1.56 million vehicles, down from 18 percent in August, the China Association of Automobile Manufacturers reported Tuesday.

Sales rose 16 percent in July and 21 percent in June, but have generally slowed since spring.

Passenger car sales rose 19.3 percent to 1.2 million vehicles, the group said on its website.

"Growth in China's auto market seems to be back to normal after the boom," said Wei Chenggang, an analyst at Shanghai Securities, in Shanghai, forecasting further slowing in months to come.

"This might be bad for automakers in the short term, but is definitely better for the sustainable development of the industry," he said.

China became the world's largest auto market in 2009 when sales surged 45 percent to 13.6 million vehicles.

Analysts are forecasting that sales may climb roughly 30 percent to about 17 million vehicles for the year, providing a respite for automakers still fighting flat or weakening sales in the U.S. and other more mature markets.

In January-September, China's total vehicle sales rose 36 percent to 13.1 million units, while passenger car sales climbed 37 percent, to 9.9 million vehicles, after rising nearly 40 percent in the first eight months of the year, the industry group reported.

Figures from several foreign and domestic automakers also showed growth in sales easing.

GM said its sales rose 15 percent to 208,353 vehicles in September, slowing from 19 percent in August and 22 percent in July. GM's total sales in China climbed 37.4 percent in January to September from a year earlier, to a record 1.78 million vehicles, the company said.

Back in the U.S. GM's sales slipped slightly in September from August as shoppers wary of spending on big ticket items steered clear of showrooms. They were up 10.5

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Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

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percent from a year earlier, when sales slumped following the end of the Cash for Clunkers program.

Ford Motor China said its sales rose 26 percent in September from a year earlier, to 50,970 vehicles, up slightly from a 24 percent increase the month before. Sales in the first nine months of the year were up 40 percent at 419,073 units.

Japan's Honda Motor saw sales inch up 3 percent in September from a year earlier, while sales for the year climbed a modest 16 percent.

GM partner Shanghai Automotive Industry Corp., or SAIC, said sales of their Shanghai GM joint venture surged 41 percent year-on-year, while SAIC's overall sales grew 23 percent in September, up from 22 percent in August.

SAIC VW, its venture with Germany's Volkswagen AG, saw sales climb 36 percent. Volkswagen, which did not report separate China sales figures for September, said its January-September sales jumped 39 percent from the year before to 1.48 million vehicles.

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*Associated Press researcher Ji Chen contributed to this report.*

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